

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9416

UNCLAS CARACAS 7112

E.O. 11652: N/A

TAGS: EFIN ENRG VE

SUBJECT: VENEZUELAN 1976 BUDGET

1. ACCORDING TO OFFICIAL SOURCES IN THE MINISTRIES OF FINANCE AND MINES AND HYDROCARBONS, INCOME FROM PETROLEUM IN 1976 IS EXPECTED TO BE BS 28.3 BILLION, COMPARED TO THE REVISED ESTIMATE OF BS 32.7 BILLION FOR 1975, AND ACTUAL INCOME FROM PETROLEUM OF BS 36.4 BILLION IN 1974. INCOME TAX FROM PETROLEUM IN 1976 IS PROJECTED TO BE BS 21.3 BILLION AND ROYALTIES BS 7.0 BILLION.

2. TOTAL ORDINARY INCOME FOR 1976 IS ESTIMATED TO BE BS35.9 BILLION COMPARED TO ESTIMATED INCOME OF BS 39.5 BILLION IN 1975 AND ACTUAL ORDINARY INCOME OF BS 42.6 BILLION FOR 1974. EXTRAORDINARY INCOME, WHICH ORDINARILY CONTRIBUTES A VERY MINOR PORTION OF TOTAL INCOME, HAS NOT BEEN ESTIMATED.

3. THE 1976 ESTIMATE OF PETROLEUM INCOME OF BS 28.3 BILLION IS PREDICATED ON AN AVERAGE PRODUCTION OF 2.2 MILLION B/D. THE AVERAGE DAILY PRODUCTION IN 1975 THROUGH JUNE 18 HAS BEEN 2.5 MILLION B/D COMPARED TO THE AVERAGE OF 3.0 MILLION B/D IN 1974; 3.7

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MILLION B/D IN 1973; AND 3.7 MILLION B/D IN 1970.

4. THE PROJECTION FOR 1976 DOES NOT TAKE INTO ACCOUNT
THE PROSPECT OF AN INCREASE IN OIL PRICES BY OPEC IN SEPT.

5. THE MINISTRY OF FINANCE ANNOUNCED JULY 10 THAT
REFORM OF TAX LAW, WHICH WAS EXPECTED TO TAKE PLACE
AFTER COMPLETION OF THE PETROLEUM NATIONALIZATION
LEGISLATION, WOULD BE DEFERRED AGAIN AT AT LEAST UNTIL
NEXT FALL; THEREFORE IT CAN BE ASSUMED THAT THE 1976
BUDGET, WHICH WILL BE PRESENTED TO CONGRESS IN THE
FALL SESSION, WILL BE BASED ON THE CURRENT TAX LAW.
SHLAUDEMAM

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